

**GOAL:****7 Create a range of quality housing opportunities and choices for people of all income levels to ensure that communities maintain a diverse population.**

New Hampshire's economic well-being requires an adequate and balanced supply of housing to support a diverse and growing workforce. In this sense, housing is just as much a part of the State's economic infrastructure as roads, energy supply, utilities, and telecommunications systems. Without an adequate and balanced supply of housing, or the ability to produce it, the State's economy cannot continue to grow.

A balanced housing market has a sufficient variety of housing types and costs to provide affordable options for all New Hampshire households. Housing is deemed affordable when it costs no more than 30 percent of a household's income. Workforce housing is that which specifically is targeted for those employed in government, education, industry, retail, or other sectors where the household makes less than 100 percent of the median income. Affordable housing is that which is available to households earning less than 80 percent of the median income.

Although it is true that New Hampshire's economic growth over the last decade created many benefits for most of our citizens, that growth also generated a demand for housing that has not been met with a commensurate level of new production. The results of this trend are rising home purchase prices, record low vacancy rates, higher rents and, in general, a housing market that creates a significant affordability challenge for many of our citizens—and a barrier to labor force development. A balanced supply of housing must be seen as essential to the State's future.

In recent years, businesses have experienced increased difficulty in recruiting and retaining employees, who are unable to find reasonably priced housing—whether to purchase or rent. In this context, the lack of an adequate and diverse supply of housing is a limiting factor to economic growth. Where housing supply is constrained, economic growth or recovery will be slowed or stopped.<sup>1</sup>

For instance, to match the job growth of the 1990's New Hampshire would need to add more than 85,000 housing units between 2000 and 2010, almost twice the number of units added in the 1990's. From 2000 to 2005 housing production levels began to increase and was met with a moderate recession and job creation slowdown, beginning to alleviate the housing shortage. However, housing costs simultaneously increased to unaffordable levels and were not supported by consumer demand. As a result production begun to taper off again.<sup>1</sup>

There are a number of complex factors that contribute to the acute shortage of housing, and particularly affordable housing. They include builder capacity, financial risk, materials costs, the availability of subsidies, and community resistance. The amount, type and affordability of housing in our communities are greatly influenced by local decisions. One major factor often cited by housing developers is community resistance to residential development and the degree to which the implementation of zoning, planning and other

regulatory policies has created artificial barriers to the private market's ability to create needed new housing.<sup>2</sup>

Efforts to limit housing development and growth in many communities are related to diverse and often valid concerns, including the desire to maintain the historic or rural character of some communities, the desire to manage vehicle traffic and protect important environmental resources, and especially, concern about the potential impact of housing development on demand for municipal services, particularly the cost of public education. However, a recent report debunks the myth that each single family home contributes two students to the system. The average home in New Hampshire had only 0.45 students in 2000, with a range of 0.54 students per single family home to 0.21 per household in multi-family structures with five or more units.<sup>3</sup> Viewing children as economic liabilities has in turn limited municipal willingness to construct housing to age restricted, over-55 developments.<sup>2</sup> Housing production that is restricted to only one demographic can lead to an unbalanced supply and in the case of age restricted housing, is done at the risk of alienating essential workforce age households.<sup>4</sup>

Although there has been no widespread imposition of development controls by municipalities, developers perceive slower and more meticulous project reviews and the imposition of impact fees as impediments to residential development. The application of local zoning ordinances, growth control measures, impact fees and other municipal regulations, whether intended or not, have created a barrier to the construction of low cost single family housing, multi-family rental housing and manufactured housing parks. Beyond this, many of the regulatory strategies used to discourage housing production have actually resulted in sprawl and other forms of development with negative consequences for our communities.

**STRATEGY 1:**

**Provide incentives, guidance, and support to local governments to ensure that state-delegated planning and land use regulatory authority is used to promote a balanced and adequate supply of housing for all New Hampshire citizens.**

There is a need to further expand the ability and authority of local governments to deliver affordable housing in the quantities and diverse forms required by the State's economy. Additional innovative land use techniques can be developed under RSA 674:21 to strengthen municipalities' options and opportunities. Incentives, either offered by the State to municipalities, or local planning boards to the development community, can induce a supply of housing choices ranging in type from apartments, to condominiums or single family homes affordable to all New Hampshire residents.

**Strategy Implementation:**

- A. Dispel the myths surrounding affordable and workforce housing, to change the perception that multifamily rental housing negatively impacts local budgets, property values and the quality of life.
- B. Provide direct technical assistance to assist communities to carry out their responsibilities to offer opportunities for the creation of affordable housing.
- C. Enable municipalities to establish mandatory inclusionary zoning and density bonuses for affordable housing developments.
- D. Establish a state-funded grant program designed to assist municipalities develop and implement a

housing plan that considers housing development balanced with natural resource protection.

- E. Provide training and planning resource documents to municipalities that may include technical bulletins, model ordinances, or documentation of New Hampshire affordable housing case studies and examples.

#### STRATEGY 2:

**Treat housing as an integral part of the State's economic infrastructure.**

Housing supply must respond not only to market conditions such as land value but also demand from the State's workforce. Land use regulations and policies often unintentionally restrict housing supply options, making it difficult to produce lower cost homes. The retention of a qualified and skilled workforce in the State is dependent on the ability to find adequate housing near employment opportunities. New Hampshire's regional workforce housing coalitions integrate housing advocacy with regional economic growth, educating employers, municipal boards and the voting public on the interrelation of retaining and attracting employers and employees with affordable housing at a grassroots level. This essential connection between housing and the regional economic infrastructure should be further promoted at the local, regional and state levels.

Strategy Implementation:

- A. Support existing efforts to ensure that the broadest numbers of citizens are aware of our state's housing needs including the nature, origins and potential implications of New Hampshire's housing challenge.

- B. Link allocation of state and federal discretionary funding resources to municipal performance in reducing barriers to affordable housing development.
- C. Give priority to affordable housing in allocating State funding for water, sewer and other infrastructure needed to support housing development.
- D. Direct the Department of Resources and Economic Development and other state agencies participating the Job's Cabinet to coordinate economic development and job growth with affordable housing.

#### STRATEGY 3:

**Establish a long-term commitment to ensuring that the State achieves and maintains a healthy housing infrastructure to support ongoing economic growth and prosperity.**

To move the interrelationship of affordable housing and economic growth beyond the grassroots level a long-term commitment must be made within the State to provide necessary tools and resources to municipalities. Many state, quasi-governmental agencies, and non-profits such as the Office of Energy and Planning, New Hampshire Housing Finance Authority, and the New Hampshire Community Loan Fund currently provide various tools, opportunities and education resources to encourage affordable and diverse housing that can be expanded or promoted. New legislative actions can further commit to ensuring the State achieves and maintains a healthy housing infrastructure to support economic growth.

Strategy Implementation:

- A. Create a mechanism for expediting relief from municipal actions that deny, impede or significantly

delay qualified proposals for affordable housing. An expedited relief process is vital to the effective implementation of existing law and recommendations included here, and it is unlikely that any real change will occur without the relief provided by this mechanism.

- B. Identify and review state agency rules and regulatory policies that affect the cost of housing development or limit such development. The review should identify ways of reducing adverse impacts and recommend legislation and regulatory changes.
- C. Analyze the impact of residential development, especially affordable housing, and disseminate this information to local decision-makers and the general public with the goal of establishing the broadest possible common understanding of the true municipal costs and benefits.
- D. Develop subsidy retention mechanisms for use by municipalities and developers to ensure the continued affordability of housing for successive generations of residents.
- E. Promote the development of new cooperatively-owned manufactured housing parks and the upkeep of existing parks.
- F. Provide a tax credit to businesses for their contributions to support housing for low and moderate-income employees, and to certain affordable housing programs.

#### STRATEGY 4:

Encourage decisions that reduce the energy costs occasioned by the type, construction, distribution, and commuting requirements of housing.

New Hampshire households, or the “residential sector,” spent \$1,054,300,000 on energy supplies in 2003.

Residential energy expenditures exclude transportation fuel costs. Residential consumption constituted approximately 31 percent of New Hampshire’s total 2003 energy expenditures.<sup>5</sup> The lack of affordable homes near employment centers forces employees to commute further and increase fuel expenditures. Added energy costs from transporting and producing home construction materials could be reduced through utilization of New Hampshire produced goods, building smaller homes, and recycling building materials. State and local governments can take the lead, modeling and promoting means to reduce the energy costs associated with or created by the type, construction, distribution, and commuting requirements of housing.

#### Strategy Implementation:

- A. Identify and review rules and regulatory policies, consistent with RSA 21-I:19-a, that affect lifetime costs of owning, renting and operating housing; specifically, the energy costs.
- B. Enforce extant building energy efficiency codes, stipulated by the State, as a minimum and, when possible, encourage more efficient standards be utilized.
- C. Evaluate the various types of residential development for their impact on the State’s energy supply and consumption, with particular regard for compliance with the State’s building energy codes.
- D. Amend RSA 48-a:14 to incorporate energy efficiency and weatherization into the minimum standards for rental housing.
- E. Establish energy efficiency mortgages for low to moderate-income homeowners to successfully make

home weatherization upgrades and achieve cost savings.

- F. Encourage municipalities to link energy efficient development standards and construction of smaller homes to density bonuses and inclusionary zoning ordinances.
- G. Increase opportunities to weatherize residential properties occupied by low-income households. The State's Weatherization Assistance Program, funded through grants from the U.S. Departments of Energy and Health and Human Services, is only able to assist 10 percent of qualified applicants annually.

#### STRATEGY 5:

Encourage municipalities to work collaboratively to support regional affordable housing needs, consistent with the housing needs assessments prepared by regional planning commissions.

New Hampshire's regional planning commissions are required to develop a regional housing needs assessment every five years.<sup>6</sup> The report analyzes regional housing supply, demand, affordability, and often projects future affordable housing needs. The intent is to anticipate and plan for future housing needs in a way that is equitable to all municipalities in the region and identify feasible solutions to possible housing shortages. "Individual communities, each acting in its own economic self-interest, have disconnected the State's local housing markets from the rest of our economy and created an artificial scarcity."<sup>2</sup> Instead, communities, in exercising their regulatory powers, should work collaboratively to house the State's growing population, and be ensured that their neighbors are taking equal action. When all New Hampshire communities work

to support the regional affordable housing need no one community is unduly burdened.

#### Strategy Implementation:

- A. Implement the 1991 ruling of the NH Supreme Court in *Britton v Chester*, which requires that municipalities provide reasonable opportunities for the creation of affordable housing, and reaffirm that this obligation extends not only to addressing the local need for such housing but to providing for a share of the regional need.
- B. Provide direct financial incentives to encourage communities to meet regional affordable housing needs. Incentives could include housing trust funds, tax credits, among others.
- C. Permit municipalities to apply as a collective group for grant funding or technical assistance and grant such applications priority status.
- D. Encourage collaboration between the regional planning commissions and regional workforce housing coalitions to create additional forums for educational opportunities.
- E. Establish a standardized methodology, that utilizes alternative data sources to the U.S. Census Bureau, to be used by regional planning commissions for the development of regional housing needs assessments required by RSA 36:47, II in anticipation of significantly reduced standard Census Bureau data collection.

<sup>1</sup> Shapiro, Dr. Lisa K, et al. Housing New Hampshire's Workforce. Concord, NH: The New Hampshire Workforce

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Housing Council, March 28, 2005.

<<http://www.workforcehousingnh.com/documents.cfm?cid=27>>

- <sup>2</sup> NH Legislative Commission Established by Chapter 262 of the Laws of 2001. “Reducing Regulatory Barriers to Workforce Housing in New Hampshire.” Concord, NH: NH Senate, November 2002.

<<http://www.workforcehousingnh.com/documents/SB21%20Report.pdf>>

- <sup>3</sup> Applied Economic Research. “Housing and School Enrollment in New Hampshire: and Expanded View.” Bedford, NH: NH Housing Finance Authority, May 2005.

<[www.nhhfa.org/rl\\_docs/housingdata/school\\_enrollment/SchoolStudy.pdf](http://www.nhhfa.org/rl_docs/housingdata/school_enrollment/SchoolStudy.pdf)>

- <sup>4</sup> Francese, Peter. “The New Hampshire Advantage.” NH Association of Realtors Real Estate Market Trends. April 2006. <<http://nhar.org/m/modules.php?name=News&file=article&sid=134>>

- <sup>5</sup> U.S. Department of Energy, Energy Information Administration. “State Energy Consumption, Price, and Expenditure Estimates (SEDS),” Table S2b. Residential Sector Energy Expenditure Estimates by Source and Table R1. Energy Prices and Expenditures Ranked by State. Washington, DC: October 24, 2006. <[http://www.eia.doe.gov/emeu/states/\\_seds.html](http://www.eia.doe.gov/emeu/states/_seds.html)>

- <sup>6</sup> State of New Hampshire. “RSA 36:47, II.”